

Senate Bill No. 1113

Passed the Senate May 27, 2014

Secretary of the Senate

Passed the Assembly August 19, 2014

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 890.3 of the Military and Veterans Code, and to amend Section 5097 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1113, Knight. Property taxation: disabled veterans' exemption: refunds: statute of limitations.

Existing tax law provides, pursuant to an authorization of the California Constitution, for the exemption from property taxation of specified amounts of the assessed value of the home of a disabled veteran, or a veteran's unmarried surviving spouse in the case in which the veteran has, as a result of a service-connected disease or injury, died while on active duty in military service, contingent upon a claim being filed, as specified. Existing law requires property taxes to be refunded upon the filing of a claim within 4 years after making the payment sought to be refunded.

This bill would, if a claim for a refund is filed for the disabled veterans' exemption on or after January 1, 2015, extend the period of time for which a refund is required to be made from 4 years to 8 years. This bill would also correct an incorrect cross-reference in a related provision.

By changing the manner in which local county officials administer property tax refunds with respect to the disabled veterans' exemption, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The disabled veterans' property tax exemption law honors and recognizes the service and sacrifice that members of the military and their families gave, and continue to give, to this country.

(b) The disabled veterans' property tax exemption helps disabled veterans defray the property taxes due on their homes. However, this benefit provided by the state cannot be granted until the United States Department of Veterans Affairs issues the disabled veteran a 100 percent disability rating. In some cases, it can take many years for the veteran to obtain the required 100 percent disability rating. In these instances, the limitations on refunds of property taxes paid can preclude veterans from receiving the benefit as of their effective disability date.

(c) The voters of California have repeatedly affirmed their support and commitment to disabled veterans and their spouses by approving needed changes to this constitutionally provided property tax exemption.

(d) By expanding the period to file a claim for refund, this act implements subdivision (a) of Section 4 of Article XIII of the California Constitution, and thereby fulfills a valid public purpose of relieving economic hardship on persons and their spouses, including unmarried surviving spouses, that have incurred injury or death in military service to this country.

SEC. 2. Section 890.3 of the Military and Veterans Code is amended to read:

890.3. (a) (1) Notwithstanding any other law, on or after January 1, 2001, a claimant is not ineligible for a disabled veterans' benefit for lack of certification of disability of the veteran with respect to whom the benefit is sought, if there is a currently pending application to the United States Department of Veterans Affairs (USDVA) for certification of disability for that veteran and the subsequently received certification qualifies the veteran for the benefit. An entity of state government, or any political subdivision thereof, to which a claim for a disabled veterans' benefit is made, shall require the claimant to provide written verification that an

application had been pending with the USDVA at the time the claim for the disabled veterans' benefit is submitted.

(2) For purposes of this subdivision, "disabled veterans benefit" means an exemption, privilege, service, or other legal benefit that is provided pursuant to law by the state, or a political subdivision thereof, exclusively to a disabled veteran, or his or her surviving spouse, parent, or child.

(b) (1) For purposes of applying the disabled veterans' property tax exemption set forth in Section 205.5 of the Revenue and Taxation Code, any amount of tax, including any interest or penalty thereon, levied upon that portion of the assessed value of real property that would have been exempt if the veteran's pending application for certification of disability had been finalized, shall be canceled or refunded if both of the following conditions are met:

(A) The certification is received and is forwarded to the county assessor.

(B) A return is made as required by Section 277 of the Revenue and Taxation Code.

(2) Any refund issued pursuant to this subdivision is subject to the limitations periods for refunds set forth in Section 5097 of the Revenue and Taxation Code.

SEC. 3. Section 5097 of the Revenue and Taxation Code is amended to read:

5097. (a) An order for a refund under this article shall not be made, except on a claim:

(1) Verified by the person who paid the tax, his or her guardian, executor, or administrator.

(2) Except as provided in paragraph (3) or (4), filed within four years after making the payment sought to be refunded, or within one year after the mailing of notice as prescribed in Section 2635, or the period agreed to as provided in Section 532.1, or within 60 days of the date of the notice prescribed by subdivision (a) of Section 4836, whichever is later.

(3) (A) Filed within one year, if an application for a reduction in an assessment or an application for equalization of an assessment has been filed pursuant to Section 1603 and the applicant does not state in the application that the application is intended to constitute a claim for a refund, of either of the following events, whichever occurs first:

(i) After the county assessment appeals board makes a final determination on the application for reduction in assessment or on the application for equalization of an escape assessment of the property, and mails a written notice of its determination to the applicant and the notice does not advise the applicant to file a claim for refund.

(ii) After the expiration of the time period specified in subdivision (c) of Section 1604 if the county assessment appeals board fails to hear evidence and fails to make a final determination on the application for reduction in assessment or on the application for equalization of an escape assessment of the property.

(B) Filed within six months, if an application for a reduction in an assessment or an application for equalization of an assessment has been filed pursuant to Section 1603 and the applicant does not state in the application that the application is intended to constitute a claim for a refund, after the county assessment appeals board makes a final determination on the application for reduction in assessment or on the application for equalization of an escape assessment, and mails a written notice of its determination to the applicant and the notice advises the applicant to file a claim for refund within six months of the date of the county assessment appeals board's final determination.

(4) Filed within eight years after making the payment sought to be refunded, if the claim for refund is filed on or after January 1, 2015, and relates to the disabled veterans' exemption described in Section 205.5.

(b) An application for a reduction in an assessment filed pursuant to Section 1603 shall also constitute a sufficient claim for refund under this section if the applicant states in the application that the application is intended to constitute a claim for refund. If the applicant does not so state, he or she may thereafter and within the period provided in paragraph (3) of subdivision (a) file a separate claim for refund of taxes extended on the assessment which the applicant applied to have reduced pursuant to Section 1603 or Section 1604.

(c) If an application for equalization of an escape assessment is filed pursuant to Section 1603, a claim may be filed on any taxes resulting from the escape assessment or the original assessment to which the escape relates within the period provided in paragraph (3) of subdivision (a).

(d) The amendments made to this section by the act adding this subdivision shall apply to claims for refund filed on or after January 1, 2015.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Approved _____, 2014

Governor